

**Internal Revenue Service  
Advisory Committee on Tax Exempt and Government Entities (ACT)**

**Membership Balance Plan**

1. **Name.** The Advisory Committee on Tax Exempt and Government Entities (ACT).
2. **Authority.** The establishment and operation of the ACT is based on the authority to administer the Internal Revenue laws conferred on the Secretary of the Treasury by Section 7801 of the Internal Revenue Code and delegated to the Commissioner of Internal Revenue.
3. **Mission/Function.** The ACT's purpose is to provide advice and recommendations to the IRS and its Tax Exempt and Government Entities Division (TE/GE) on tax administration in the tax exempt and government entities sectors. ACT members research, analyze and consider a wide range of issues relating to those sectors. The ACT provides an organized public forum for discussion of topical issues and enables the IRS to receive comment and recommendations regarding current and proposed programs and policies from interested stakeholders outside the IRS.
4. **Points of View.** The ACT will consist of members with extensive experience in the operations, goals and issues relating to tax exempt organizations, employee plans, tax exempt bonds, and federal, state, local and Indian tribal governments. In addition to experience in these areas, members will have specific expertise in tax administration, law, accounting, public policy, employee benefits, retirement plans, tax exempt bonds, actuarial science and information systems.

The IRS appoints ACT members as representatives of various constituency groups (rather than as Special Government Employees), including the employee plans, exempt organizations, tax exempt bonds, and federal, state, local and Indian tribal government communities. These representatives provide ideas and viewpoints not otherwise available to the IRS. When the ACT publishes its ideas and viewpoints in an annual public report, they must do so as a single committee. If a member dissents on the report contents and the entire ACT rejects the dissension by majority vote, the final report will not include any disputed items. In accordance with Department of Treasury guidance, determinations on employment status for ACT members take into consideration the following five non-exhaustive factors: (1) the express language of the committee's enabling documents; (2) whether prospective committee members will receive compensation, other than travel expenses, for their service on the committee; (3) whether the selection process involves reliance on outside recommendations; (4) whether the prospective committee members will act as spokespersons for a recognizable nongovernmental group or stakeholder, and (5) whether a federal employee will supervise the prospective committee members. Based on these factors, the IRS Chief Counsel has determined that current members of the ACT should serve as representatives.

The membership balance is not static and may change, depending on the committee's work.

5. **Other Balance Factors.** Other balance factors include geographic diversity, experience with organizations both large and small, and a variety of perspectives and diversity of knowledge.
6. **Candidate Identification Process.**
  - a. **Cross-section.** The IRS solicits nominations to the ACT by placing a notice in the *Federal Register*, issuing a news release, advertising vacancies in various IRS newsletters, using social media, GovDelivery methods and reaching out to stakeholder groups and current ACT members. After receiving the nominations and outside recommendations, TE/GE develops a list of qualified candidates. It selects members for appointment based on relevant experience and knowledge, geographic location and major stakeholder representation, among other considerations.
  - b. **Agency staff involved.** Senior TE/GE officials (Commissioner and Deputy Commissioner of TE/GE, the Directors of TE/GE's units, and the Director, Communications and Liaison) and Chief Counsel attorneys participate in the review process.
  - c. **Vacancies.** Vacancies are filled as promptly as possible, in line with balance criteria. Vacancies occur annually, depending on term limits.
  - d. **Term limits.** Each member is appointed for a term of three years. Terms are staggered.
7. **Subcommittee Balance.** The ACT may form subcommittees (or subgroups) for any purpose consistent with its Charter. These subcommittees must report directly to the ACT parent committee and do not make recommendations directly to federal officials. The Federal Advisory Committee Act thus does not apply to ACT subcommittees (see 41 C.F.R. § 102-3.35).
8. **Date Prepared.** This Membership Balance Plan was revised on March 2, 2017.